

CI Project Manager's Monthly Status Report to MARAD for Vessel Kittiwake Project
For Reporting Period: March 3, 2010 through March 31, 2010

1. Executive Summary Narrative of Previous Month's Progress
a. Major accomplishments achieved during previous reporting period

The major accomplishments made during this reporting period are numerous.

i) A meeting was held at the Kittiwake for 2 days Mar 11-12/2010 with representatives from MARAD, the CI DOE and the US EPA as well as CITA, DMG and one of the sub contractors responsible for hazardous material remediation/abatement Envirocon. This meeting entailed a detailed walk through of the Kittiwake room by room and a detailed review of the time line. Additionally, EPA provided general comments on areas to be mindful of, based on their past experience. The benefits of this meeting were that all parties are in synch on the overall plan and goals. The following were action items to be addressed and the current status of these:

1. Laura Casey and Laura Johnson to compile an EPA general list of findings/suggestions/recommendations. **DONE Mar 19/2010 and forwarded to DMG for remediation contractor review also.**
2. Laura Johnson to determine how we can handle the 'vessel general permit notification' to EPA, both the past one missed and the future one before the international tow.
3. Tim Mullane to research and advise on who can issue a de-rating certificate and advise company name/contact info. **DONE Mar 23/2010 A de-ratting certificate can be issued by a Norfolk Company that works in the port regularly fumigating containers and says they can issue this, but that they have not seen the De-ratting certificate in years. As such, we will have this task done if required.**
4. Nancy Easterbrook to review and update timeline and sinking plan related to vacuum cleaning (paint) pre-tow and once in Cayman. **DONE - Vacuum cleaning of paint has been moved to post-hull cleaning to be as close as possible to departure. Mar 18/2010**
5. Scott Slaybaugh/Nancy Easterbrook to determine who the EPA 'no further objections' letter should be addressed to. **DONE Mar 18/2010**
6. Laura Casey and Laura Johnson to discuss internally drafting the 'no further objections' letter now so that it might be ready to execute once the conditions have been met.
7. Nancy Easterbrook to update Application to MARAD and Reefing Plan and send along a new copy to MARAD, EPA and CIDOE. **Work in progress**
8. Dana Austin to pursue MARAD permission for Tim Mullane to call into monthly status report conference calls. **DONE and approved Mar 19/2010**
9. Jay Easterbrook to send 2 DVD's of Kittiwake to Laura and Laura of EPA. **DONE Mar 30 and sent by mail**
10. Nancy Easterbrook and Tim Mullane to update the timeline before the next monthly conference call (March 31 2pm EDT) and suggest dates for interim and final inspections. **DONE Mar 30**
11. Nancy Easterbrook to review the Transfer Agreement to insure all data needed for the final close out report is accumulated as the project progresses. **DONE**

12. Identify documents and due dates describing/documenting vessel preparation completed/clean up goals achieved. This is in reference to documentation due prior to the Kittiwake's departure from the U.S. (Note: This is identified as line item 54 on the Timeline) **Work in progress**

With respect to the following comment: *"During our discussion Friday morning, it became obvious that various pieces of documentation are due to various agencies at different points in time. We are particularly concerned with the documentation referenced in our letter dated Dec. 18, 2008 (attached below), as EPA will use such documentation as part of our compliance determination for the "no further objections" letter that will be issued upon completion of the vessel cleanup and prior to its departure from the U.S.*

In response to this, we will provide an updated reefing plan to all parties inclusive of addressing the issues raised in the Dec 18, 2009 no further objections letter. This is identified as line item 22 on the timeline and is noted as #7 above, inclusive of responses to the Dec 18 letter.

ii) All funds for the project have been released with interim payments sent to the contractors.

iii) The existing Kittiwake Caterpillar engines may be sold if a buyer can be found. Replacement engines have been sourced that would be treated as if they were original engines related to haz mat abatement and cleaning. EPA (pcb) and DOE have no objections to this. EPA (water) is still going to comment.

iv) CITA requested that we resample only paint surrounding the hot spot area of sample #67 instead of sampling the entire ship. EPA and DOE agreed to this. New contracts from EPI have been sent to all parties. The date for resampling had been moved to April 14 to accommodate the moving of the compressor from this area to allow a wider cut out to take place and to accommodate EPI's schedule. Following sampling, the lab reports will be provided to all parties, allowing time for corrective action if needed.

v) Substantial progress has been made on various other activities including packages for ex-crew members, visitors, retail merchandising, a PR plan and various other activities related to post-sinking of the Kittiwake.

vi) Haz Mat abatement is progressing on schedule. All wire and cable removal has been completed. Shipping and manifests to TW took place Mar 27. The TW container was delivered Mar 17.

vii) The Marine Chemist certified all of the tanks except for the double bottom waste oil tanks under berthing behind the propulsion room, and the double bottom tanks in the engine room and propulsion room.

vii) The forward hold has been completely prepared for reefing.

viii) The DMG and Envirocon work crew is working 50 hours per week, but are free to work up to 60 to keep up with their weekly goals

ix) One final review of the sinking plan as it relates to cutouts and processes in ongoing, to fine tune the plan to be the best practices possible for sinking. The sinking contractor, West Indian Marine Group will be visiting the Kittiwake late April (target April 19) to review and confirm all needs for sinking.

x) The timeline has been updated, following discussion with all parties, to sink the Kittiwake in early July 2010 versus August 2010. This was accomplished by additional teams working on remediation/abatement and concurrence of all parties after spending several weeks on the Kittiwake to ascertain any additional concerns, of which none were found at this time.

b. Discussion of constraints, impediments and delays encountered.
None, everyone has been very cooperative and responsive.

c. Corrective Actions taken to minimize schedule impact.

None, everyone has been very cooperative and responsive. The schedule has moved back approximately 1 month, which was our goal.

d. Status for completion of key events and milestones.

On time.

e. Assessment of Risks related to timely completion of project.

Unknown factors, acceptance and receiving all permits to move forward following remediation are the key concerns.

2. Forecast of Next Month's Progress

a. Planned work to be accomplished during next month.

The major work over the next month is continued remediation and abatement, including diver preparedness of the ship for reefing.

b. Planned milestones that will be achieved during next month.

The majority of remediation will be completed and diver preparedness. Risk assessment will be analyzed in further detail with plans made. A further visit to the Kittiwake will be completed. The hot spot area of sample #67 paint will have been re-sampled again, and lab reports should be available around month end. Significant progress will be made on updating the Reefing plan and final reports to all parties.

c. Anticipated risks and planned corrective actions.

Discussions will be held in April in Cayman regarding the impacts of not meeting our goals and having to delay the sinking date. Risks and costs will be analyzed and plans put in place for contingencies.

3. Other information and/or comments from CI Project Manager

A group decision needs to be made on interim inspections. The final inspections are targeted for the week of May 24, which is approximately 7 weeks away. Given this, if an interim inspection for all parties is to occur, the appropriate time for an interim inspection would be the week of Apr 19. Given that this is a just weeks away from finals, a discussion will be held at the monthly conference call to make a decision on the interim inspection dates. In any event, CITA and West Indian Marine will be at the Kittiwake around the week of April 19 to insure all sinking requirements are in place and that work is progressing as per the timeline.